



**The Tuck School of Business  
Dartmouth College  
Hanover, New Hampshire**

**International Strategy  
Syllabus**

**Spring 2015**

**Faculty Information**

Professor Thomas C. Lawton  
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Academic Coordinator:  
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**Class Meetings**

Wednesday and Thursday  
Time 1:15-2:45pm  
Room: GM  
Office hours: after class or by  
appointment

Office: Buchanan 110  
Phone: 646-3747

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**Special Meetings**

On **Tuesday, May 12**, there will be an International Strategy guest speaker from 12 noon to 1pm in GM. Bjarne Tellmann, Senior Vice President and General Counsel of Pearson PLC, will speak about the strategic management of a global enabling function in an international company.

On **Monday, May 18**, there will be a second guest speaker, from 12 noon to 1pm in GM. Global aviation expert and Vice President of the Aerospace and MRO Practice at ICF International, Dr Kevin Michaels, will speak about “rightshoring” as a new international business strategy imperative.

International Strategy students can arrange to meet with either speaker but please speak with Kate Hudson to book in advance. Both guest talks are open to the entire Tuck community but priority is given to International Strategy students, who are strongly encouraged to attend.

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*“If you are far from the enemy, make him believe you are near.”*

***Sun Tzu***

## INTRODUCTION

International strategy shares many of the same concepts and practices as corporate strategy. However, we need to recognize that there is something fundamentally different about the subject. As Collis and Siegel (2006) note, the reason is that when a company's activities and influence cross national borders, its management encounter factors that introduce new strategic tradeoffs and fresh strategic choices. The three overarching factors are heterogeneity across markets (*countries are fundamentally different*), the scale and complexity of global operations (*you need to comprehend and manage a lot more*) and the unpredictability of economic conditions between countries (*the volatility of exogenous global events*). These factors should be obvious to anyone who has experience in international business. Each factor has profound implications both for the type of competitive advantage or scope economy that justifies geographical expansion and for critical decisions concerning how the company is configured and positioned to compete internationally.

This elective builds on the international advisory experience and collective research and writings of Professor Lawton. In particular, his books *Breakout Strategy* (McGraw-Hill, 2007) and *Aligning for Advantage* (Oxford University Press, 2014) inform the structure and emphasis of the elective. His most recent edited collection, *The Routledge Companion to Non-Market Strategy* (Routledge, 2015) makes a further contribution to the intellectual foundations of International Strategy. The unifying thesis of Professor Lawton's work is the centrality of aligning market and non-market strategy to gain and sustain competitive advantage in a multipolar international political economy. As such, there is an assumption that rational economic approaches to and western-centric conceptions of corporate strategy are insufficient to succeed in modern international business. These issues will be explored throughout the elective and techniques and models will be advanced to better prepare and enable you to advise or manage in an international context.

## AIMS AND OBJECTIVES

This elective focuses on the challenges and opportunities facing managers, leaders and entrepreneurs when they engage with customers, competitors and cultures beyond their home market. Through a set of carefully chosen case studies and readings, we consider these challenges and opportunities from the perspective of large and mid-sized companies, newer entrepreneurial ventures and long established transnational corporations. These are developed economy-based businesses and companies coming from emerging markets. The course focuses on the three factors mentioned earlier and the resultant strategic challenges confronting companies that compete in the global economy. There are three primary objectives of this course. The number one objective is to have an enhanced understanding of a fundamental question in international business and strategic management: ***What determines the international success and failure of companies?*** In the global economy of the 21<sup>st</sup> century, strategies are no longer the exclusive realm of top managers. Mid-level managers and

functional specialists – the starting position of many MBA graduates – are increasingly challenged to think strategically and act globally. Therefore, this elective will cultivate your ability to make well-grounded strategy decisions.

The second objective is to probe into the workings of business strategies in *transition and emerging economies*. Transition economies include former socialist countries in Central and Eastern Europe, the former Soviet Union, and East Asia. Emerging economies represent an even broader range of countries, which not only include most transition economies, but also South and Southeast Asia as well as Africa and Latin America. Since many Western multinational enterprises (MNEs) are now concentrating disproportionately more resources on these markets, you will be better prepared if you start to pay attention to them now.

Finally, this course aims to give you an opportunity to work on *a meaningful, applied international business strategy report*.

The overall aim of the course is to equip participants with conceptual and analytical skills required to advise on, develop, or lead the international strategy of a company, business unit or cross-border team. It will take an integrated perspective, designed to answer three simple but crucial questions:

*Where do we go?* (Requires an analysis of global industries and markets, institutions and government policies, political risk and competitive landscapes)

*How do we do it?* (Necessitates an evaluation and selection of alternative internationalization and market entry strategies and structures and competitive positions, as well as an alignment of customer value propositions)

*What do we do once we are there?* (Considers complexities that were unanticipated or underestimated before market entry and the cultural and social challenges managers face in implementing international strategy in different countries).

Whatever the case examined, the evidence amassed in this course reveals that an agile, adaptable strategy process and responsive strategic leadership are crucial determinants of international success. In addition to a conceptual grounding, participants will be encouraged to develop strategic decision-making skills and a practical understanding of the major international strategic issues facing today's business executives.

This elective is primarily intended for those intending to be consultants, in-house analysts or general managers in companies with significant or growing international business activities. It will also be useful to those interested in market research, competitive intelligence, and international investment.

## **LEARNING OUTCOMES**

On successfully completing this course you will:

- Understand how to assess the strategic attractiveness of individual national markets, including the institutions and non-market conditions that can both facilitate and impede foreign market entry and advantage.
- Appreciate the advantages and disadvantages of alternative market entry modes and organizational structures and the appropriate strategic criteria for their selection.
- Be familiar with key implementation issues faced by a multinational enterprise, including issues of value proposition alignment and business model coordination.
- Have developed a practical understanding of international strategy relevant to working in an international business environment, including an appreciation of national regulatory influences, political risk, social responsibility and cross-cultural management.



## **COURSE MATERIALS**

The course pack contains the requisite assigned readings and case studies. Please ensure that you read these in advance of each class and arrived fully prepared to contribute and respond.

There is no required textbook for this course. If you wish to buy a book to complement class content and discussion, I recommend any of the following:

David Collis (2014). *International Strategy: context, concepts and implications*. Chichester, UK: Wiley-Blackwell.

Pankaj Ghemawat (2007). *Redefining Global Strategy: crossing borders in a world where difference still matters*. Cambridge, MA: Harvard Business Review Press.

Stephen Tallman (2008). *A New Generation in International Strategic Management*. Northampton, MA: Edward Elgar.

Thomas C. Lawton, Jonathan P. Doh and Tazeeb Rajwani (2014). *Aligning for Advantage: competitive strategies for the political and social arenas*. New York: Oxford University Press.

Sydney Finkelstein, Charles Harvey and Thomas Lawton (2007). *Breakout Strategy: meeting the challenge of double-digit growth*. New York: McGraw-Hill.

## **TEACHING METHOD**

The learning in this class focuses on the *thought process* in analyzing business situations, not just on the solutions per se. The issues in the cases may not be relevant to that specific company today but they remain relevant to business and management around the world. As such, when the case was written is irrelevant, as indeed may be the current strategic context of that company (if indeed it still exists).

Since the material in this course builds session by session, attendance at each session is important. The related academic readings should be read in advance of each class. These will also be useful for your assessed work. It is recommended that you draw on these readings to more effectively answer assignment questions. We will discuss the assigned case each day but may not explicitly discuss the related readings. However, they will help you in tackling the case.

My expectation is that you will come to the class having already thought through and analyzed the relevant case. This way, we can devote the bulk of the class time to thinking about and responding to each other's analyses of the case and only the necessary minimum to getting the facts out. Students are expected to be active participants in classroom discussions. Class participation is

important as it is intended to encourage students to improve their verbal communication skills in developing, presenting and defending international strategy analyses and recommendations. However, think “quality” of participation, not “quantity” (i.e. a few insightful and well informed comments or questions are far better than many unstructured or misinformed interjections). If you are ever in doubt, I encourage you to speak up instead of staying quiet. It is especially important to get the contributions of international students and visiting students from overseas universities to help understand the local context of cases. Students may be divided into teams for in-class casework and may be expected to give pre-planned presentations on a regular basis.

## **CLASS STRUCTURE**

As with other Tuck courses, the typical class will be structured as follows:

1. Tidy up loose ends – address any questions or concerns from the previous class (5 minutes).
2. International strategy issue of the day – discuss/debate an issue in the news (10 minutes).
3. Case discussion – this should be led by you and driven by the relevant questions in the syllabus. The designated *resident case experts* for each class will be expected to lead the discussion. However, for all others, please do the readings and come prepared to query and debate (circa 45 minutes).
4. Presentation by me - I shall present ideas, information and techniques that help to frame and explain the case discussion and contribute to your toolkit as an international strategist (time remaining).

## **ASSESSMENT**

### Grading Distribution

Your International Strategy course grade will be determined equally by the following three elements:

- Individual case write-up and resident expert
- Group presentation and report
- Class participation (including ideas for and insights on “international strategy issue of the day”)

### Grading Criteria

#### **Individual Case Write-Up and Resident Expert**

Each student is required to submit one individual case analysis in essay format. You will need to sign up in advance for your chosen case. Each case will have a limited number of sign up slots, so being an early mover is advisable. Sign-up will be via a Google spreadsheet and you will find the link on Canvas. The case

write-up is due by **13:00** on the day that the case is discussed in class. This should be submitted *via email to my AC, Kate Hudson (Kati.L.Hudson@tuck.dartmouth.edu)*. Unless you receive my advance consent to submit later than this time, assignments handed in late will be automatically downgraded. Assignments handed in early are of course welcome. Case assignments will be returned to students as soon as possible following the class session on which the case is discussed. Please note:

- The write-up is a 5 page, essay-style paper, typed and double spaced, **excluding** the title page and/or any attachments such as data appendices
- One inch margins on all sides of the paper and a 12 point font size
- On the title page, include a 1-paragraph executive summary (maximum of 100 words)
- There is no length limitation for appendices/attachments (e.g. graphs, tables, and references). But be professional and reasonable.

The write-up should be critical in nature (take nothing at face value) and include your analysis and recommendations, using the class preparation questions for guidance. Please note the following, very important guidelines, particularly if you want to attain a higher grade:

- 1) **Depth of analysis:** The assigned readings will provide you with ideas, arguments, and, sometimes, an analytical model, to enable a deeper and more reflective case analysis. You should explicitly draw upon required and optional readings to apply theory, frame the analysis and support the argument.
- 2) **Breadth of analysis:** It is essential that you integrate your knowledge of multiple disciplines and apply that knowledge to this assignment, i.e. draw on other courses you have taken at Tuck, particularly in strategy and international business, to broaden your insights on and evaluation of the case context and issues.

You can select any one of the case companies discussed in a single session during the course (Sessions 2 to 8) and use the accompanying questions to structure and guide your analysis.

In addition, you will be a “resident expert” for the in-class discussion on the case you have written up. This means I will call on you that day. ***Please do not be absent for the day when you are one of the "resident experts."*** (Otherwise, you are responsible for finding a replacement in your absence by trading cases with a classmate.)

### **Group presentation and report**

In groups of 6-8 people (*group size will vary depending on the final total class numbers*), you will decide on a product or service idea that you will introduce into a country of your choice. I strongly urge you to consider “hidden champions”, lesser known SMEs, or companies coming from emerging economies and entering a developed economy or another emerging economy. **If**

**you cannot agree on a focus, I will provide you with suggestions.**

Students will be assigned to a group by the end of Week 2 (May 1). Once I know how many are actually taking the class, I will assign you randomly to a group so as to standardize group size. Please meet as soon as possible following group allocations and also arrange to meet with me as a group. A few lines describing the product and country choice needs to be turned in to me by Session 5 of the elective (May 7). This is to ensure that no two groups have made the same choice and to allow me to advise whether or not you are on the right track.

The *presentation* will last a maximum of 7 minutes. We will use a Japanese method called *Pecha Kucha*, which entails 20 slides lasting 20 seconds each, for a total of just under 7 minutes per group. Presentations will be judged primarily on content (the insightfulness and accuracy of the analysis and the use of relevant supporting data/evidence). A secondary criterion will be delivery (presentation style, originality/innovation, team cohesion and overall effort).

I realize that most, if not all, of you will be unfamiliar with this presentation method. Therefore, let me say a couple of things in anticipation of concerns you may have.

First, you are all in the same boat and inexperienced in this method. What matters most is that you: (a) do not exceed 7 minutes in total; and (b) have 20 slides overall. A way to approach this in terms of structure and time management is to decide on the key points you want to make in your presentation. The related executive summary is a good way to summarize the essence of your presentation.

- What are the opportunities?
- What are the issues or challenges?
- What are the strategic options?
- What is the preferred option and why?
- How can it be done?

The overarching question to answer is, *how do I successfully enter and grow in this market?*

Use these questions to help you focus. Also, the questions further on.

Finally, if you can become familiar with this presentation method, I believe that it can serve you well. We are of course adapting it somewhat from its original use, which was primarily for more visual, artistic presentation purposes. But that's innovation! When you think of the hundreds of work presentations that you will have to deliver after graduating from Tuck and consider: (a) how many of those will be to time-poor executives and clients; and (b) how much you will want to convey in order to close a deal or win an opportunity, you will (hopefully) see how useful this technique and discipline can be.

Information on Pecha Kucha can be found at:



[http://en.wikipedia.org/wiki/Pecha\\_Kucha](http://en.wikipedia.org/wiki/Pecha_Kucha)  
[http://www.wired.com/techbiz/media/magazine/15-09/st\\_pechakucha](http://www.wired.com/techbiz/media/magazine/15-09/st_pechakucha)  
<http://pecha-kucha.org/presentations/>  
<http://plateofshrimp.com/2011/12/technical-pecha-kucha/>

The accompanying *report* should contain all of the presentation slides, plus a 1 page executive summary detailing the key issues, arguments and evidence that you are advancing.

The presentation and report will be marked equally and in an integrated manner.

Acting as a Tuck & Associates management consultant team, in the presentation/report, you will:

1. Briefly describe the business and the intended value proposition.
2. Introduce the country market you have chosen to enter (and why)
3. Explain why that product makes sense for that country (market growth, competitive conditions, government incentives, etc.)
4. Describe what strategy you are going to follow, including mode of entry (and why)
5. Explain where and how you will manufacture/create that product or service (you can think about offshoring, outsourcing and other organizational and operational issues here)
6. Provide a thoughtful evaluation of the risks and challenges (both tangible and intangible) you are likely to face in implementing your entry strategy and how you might tackle these.

While you can pick an existing product in an established company to introduce to another country, you might also consider an entrepreneurial ventures or new product offerings.

Please submit your final presentation and report in Canvas by 12:00 noon on the final day of class. Please also provide me with a hard copy at the start of class.

### **Class participation**

To get the most out of this course, it is important that you come to each class well prepared to discuss the relevant issues and theme and your analysis of the assigned case. As previously mentioned, quality of contributions is weighed more heavily than quantity. Quality comments add value by offering new or alternative perspectives, providing support or relevant evidence, building on previous comments, providing an illuminating example from personal experience, or moving discussion in an interesting direction.

Most of our sessions will start with a brief discussion of that week's world events or a specific issue in international strategy. *This is an opportunity for you to proactively prepare and tell us about the issue that caught your attention*

*and why.* This discussion is meant to illuminate the importance of observing and understanding the international environment in making strategic decisions. Below is a description of how I propose to evaluate your class contributions:

*Outstanding Contributor:* Contributions in class reflect exceptional preparation. Ideas offered are always substantive and provide one or more major insights as well as direction for the class. Arguments, when offered, are well substantiated and persuasively presented. If this person were not a member of the class, the quality of the discussions would be diminished significantly.

*Good Contributor:* Contributions in class reflect thorough preparation. Ideas offered are usually substantive and provide good insights and sometimes direction for the class. Arguments, when presented, generally are well substantiated and often are persuasive. If this person were not a member of the class, the quality of the discussions would be diminished considerably.

*Adequate Contributor:* Contributions in class reflect satisfactory preparation. Ideas offered are sometimes substantive and provide generally useful insights but seldom offer a major new direction for discussion. Arguments, which are presented sometimes, are fairly well substantiated and sometimes persuasive. If this person were not a member of the class, the quality of the discussions would be diminished somewhat.

*Non-participant:* This person has said little or nothing in class to date. Hence, there is inadequate basis for evaluation. If this person were not a member of the class, the quality of the discussions would not be changed.

*Unsatisfactory Contributor:* Contribution in class reflects inadequate preparation. Ideas offered are seldom substantive; provide few, if any, insights; and never offer a constructive direction for the class. Integrative comments and effective arguments are absent. Class contributions are, at best, cherry-picking efforts, making isolated, obvious, or confusing points. If this person were not a member of the class, valuable airtime would be saved.

## **RELATIONSHIP OF ASSESSMENT TO LEARNING OUTCOMES**

The group presentation and report are designed to help you learn to apply the tools and concepts covered in this course to an international strategic management situation that interests you. Each syndicate group should choose a case company and country not discussed in an in-class case study. Each group must focus on a different case company or country.

Individual in-class participation is intended to ensure that all students remain engaged throughout the course, reinforcing the individual learning experience. The individual case write-up is more conceptual in nature and is intended to test not only your case analytical abilities but also your understanding of international strategy theories and concepts and your ability to play around with the ideas and methods discussed in the course.

## **ADDITIONAL GUIDELINES**

### **Office Hours**

I am available for unscheduled office hour consultation immediately after each class. You can also make an appointment to meet with me individually or as a group by contacting me via email or phone, or through my academic coordinator. In addition, if you see my door open, feel free to call in to discuss any aspect of the course or to simply chat more generally.

Also, I am willing to schedule informal discussion groups at regular intervals for the duration of the elective. These half hour lunchtime or coffee break sessions will serve as a forum to exchange consulting, advisory or practical experiences and as Q&A time for any and all issues of international strategy, including current topics reported in the media. All students registered for International Strategy are eligible to participate. If you wish to avail of these optional and voluntary discussion groups, please let me know, individually or collectively, at the beginning of the second class.

### **Tuck Honor Code**

The Honor Code applies to this course. The following statements define its role in this course:

- You are encouraged to form study groups to prepare for the assigned cases or lectures for each day, but the case write-ups must be written up individually.
- Students must rely primarily on the materials listed in the syllabus and provided in the course pack in preparing for class. You should not use any handouts or Power Points distributed in previous years.
- Disruption of the learning experience for others should be avoided, which means that each student should respect the opinions of others and the professor, even if personal, cultural or national differences lead to conflicting views.

### **Laptop Policy**

To provide a first-class learning environment, and out of respect for fellow students, visitors, and faculty, Tuck honors the following policy regarding the in-class use of laptop computers, cellular telephones, tablets and all other electronic communication devices (e.g. iPhones and Blackberries).

- Students shall not use laptop computers, cellular telephones, or any other electronic communication device in any class session unless explicit permission to do so is granted by that class's faculty member(s). Thus, the default policy in all Tuck class sessions is for no use of laptop computers, cell phones, or any other electronic communication devices.

- “Class session” refers to any meeting of a for-credit Tuck course. More broadly, “class session” also refers to guest-speaker presentations for the Tuck community and to recruiter presentations.
- In each Tuck course, the faculty member(s) will articulate when (if at all) and how use of laptop computers is permitted. Such policies will be clearly articulated in the course syllabus. They may also be communicated through other channels, such as discussion in the inaugural class meeting.
- In each Tuck course, it is ultimately each student’s responsibility to be aware of and in compliance with that course’s laptop policy. Students are always encouraged to talk with faculty regarding any policy questions they may have.

### Miscellaneous

Students with learning disabilities or other special needs should contact me at the beginning of the course to arrange for any accommodations that may be necessary.

A copy of my PowerPoint slides will be available in the course folder on Canvas after the relevant class.

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TOES

“We want you to get us into the international honey market.”

## CLASS PLAN

*Session 1 April 23<sup>rd</sup> 2015*

*Time: 1:15-2:45pm*

Topic:        **Introduction: Deciding On An International Strategy**

Learning Points:

In the introductory class we reflect on the challenges and opportunities of internationalization and of being an international strategist. We consider the imperatives that drive firms to do business abroad as they seek growth, efficiency, knowledge and diversification. We also begin to discuss the, often contrasting, strategies of emerging economy and developed economy multinationals seeking international growth.

Required Reading     S. Ichii, S. Hattori and D Michael (2012). How to win in emerging markets: lessons from Japan. *Harvard Business Review*, May: 2-6.

Discussion:     In the 20th century, Japanese multinationals established themselves as powerhouse exporters in developed markets. Names like Sony, Toyota, and Honda became commonplace. But in this century, growth in developed markets has slowed: Goldman Sachs forecasts that these markets will grow at an average annual rate of 2% until 2020, whereas the BRIC economies are expected to grow at an average annual rate of nearly 7%. To prosper now, Japanese companies must win in developing markets - which they're failing to do. Two Japanese multinationals stand out for their success in bucking this trend: Unicharm, a manufacturer of personal-care products, and Daikin, one of the world's largest air-conditioning manufacturers. This article explains what they have done.

Class Preparation Questions:

1. Why are Japanese companies failing to win in developing markets?
2. How are the international strategies of Unicharm and Daikin different?
3. What are the strategic lessons for U.S. or European companies trying to enter and compete in emerging markets?

Optional Reading     (1) P. Ghemawat (2010). Finding your strategy in the new landscape. *Harvard Business Review*, March: 3-8.  
(2) J.E. Ricart, M.J. Enright, P. Ghemawat, S.L. Hall, and T. Khanna (2004). New frontiers in international strategy. *Journal of International Business Studies*, 35: 175-200.

**Topic: Growing Through International Strategy**Learning Points:

In the second class we consider how companies employ international strategy as a key driver of business growth. These are firms that have already established an international presence but are dealing with two interlinked questions: *where to next and how do we do it?* We examine business model adaptation for new growth and the reformulation and intensification of international strategy. Through our case study of Marcopolo, a Brazilian bus manufacturer, we consider strategies for entering both other emerging economies and developed economies. In particular, we consider the pros and cons of an alliance-led approach to internationalization.

Required Reading D. Lessard, R. Lucea and L. Vives (2013). Building your company's capabilities through global expansion. *MIT Sloan Management Review*, Winter: 61-67.

Optional Reading (1) M.F. Guillén and E. García-Canal (2009). The American model of the multinational firm and the "new" multinationals from emerging economies. *Academy of Management Perspectives*, May: 23-35.  
(2) J. Johanson and J-E. Vahlne (2009). The Uppsala internationalization process model revisited: from liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40: 1411-1431.

Case: Marcopolo: the making of a global Latina (INSEAD 311-222-1)

Class Preparation Questions:

1. Which factors have been important for the success of Marcopolo's internationalization?
2. What advantages have been obtained from its international expansion?
3. Should the company start training Brazilian executives and/or hire international ones to run its overseas operations as part of a continued internationalization strategy, or should it concentrate on the domestic market and keep its international scope within its natural market, Latin America?
4. Should its existing business model, which has so far been successful, be maintained?

Topic:        **International Strategy in Africa: Lessons From The Airline Industry (A)**

Learning Points:

All too often we focus on international strategy for entering, growing and succeeding in developed, transition and “Tier 1” emerging economies (mostly BRIC countries). But there is another category of country often referred to as less developed or underdeveloped. In these “Tier 2” emerging economies the entry risks and pioneering costs are greater but the potential reward is significant and there can be the opportunity to capture much of the market through first mover advantage. These markets are generally “base of the pyramid” (BOP), a term used to describe the 4 billion plus people who subsist on incomes of \$1 to \$2 per day. The Ethiopian Airlines case study looks at an African company’s plans to expand its African market base to become a leading airline on the continent. Three key issues need to be resolved: location choice, entry mode and ownership level.

Required Readings    M.F. Guillén, E. García-Canal (2012). Execution as strategy. *Harvard Business Review*, October: 3-7.

Optional Reading    (1) C.K. Prahalad, A. Hammond (2002). Serving the world’s poor, profitably. *Harvard Business Review*, 80(9): 48-57.  
 (2) K.D. Brouthers, L.E. Brouthers, S. Werner (2008). Real options, international entry mode choice and performance. *Journal of Management Studies*, 45(5): 936-960.

Case:            Ethiopian Airlines: bringing Africa together (Ivey 9B14M005)

Class Preparation Questions:

1. Which competencies should Ethiopian leverage into its international strategy?
2. In which region should Zewoldi and his team locate the first hub?
3. Which entry mode is ideal for Ethiopian: a greenfield venture, an acquisition or a joint venture?
4. If Ethiopian chooses to pursue a joint venture, should its ownership level be majority share, parity (50 percent), or a minority share?

Topic:       **International Strategy in Asia: Lessons From The Airline Industry (B)**

Learning Points:

International strategy has many levels of geographic reach. A U.S. company selling to Canada or sourcing in Mexico is engaged in international strategy but is not necessarily a global competitor. The extent of geographical reach of a company's international strategy may in fact be as much predicated on the globality of its industry and value proposition as on its own growth, diversification and disaggregation choices. In the case study of AirAsia X, we consider the strategic decisions and actions of a successful Southeast Asian airline operating in a global industry. We assess how an established competitor can continue to grow and reshape its value proposition for new market segments, extending its capabilities and business model into new geographies. Following the crash of Indonesia AirAsia flight 8501 in late 2014, we also consider how companies manage crises, particularly those potentially precipitated by the pace and nature of their internationalization.

Required Reading       C. Carr and D. Collis (2011). Should you have a global strategy? *MIT Sloan Management Review*, Fall 53(1): 21-24.

Optional Reading       (1) C.A. de Kluyver (2010). Globalizing the value proposition. Chapter 6 in *Fundamentals of Global Strategy: a business model approach*. Business Expert Press, New York.  
(2) T.C. Lawton and S. Solomko (2005). When being the lowest cost is not enough: building a successful low-fare airline business model in Asia. *Journal of Air Transport Management*, 11: 355-362.

Case:           AirAsia X: Can the Low Cost Model Go Long Haul?  
(Ivey 9B12M013)

Note:           AirAsia Faces A Major Crisis: The Loss of QZ8501  
(Ivey 9B15M018)

Class Preparation Questions:

1. What factors led to the success of AirAsia as it grew and expanded from Malaysia to other destinations in Southeast Asia and beyond?
2. What elements of AirAsia's strategy had to be revisited as it introduced AirAsia X? How did its industry and competitive environment change during this expansion?
3. What specific value proposition offerings had to be adjusted or newly provided when AirAsia X introduced long haul service?
4. What advice would you give to Darren Wright as he prepares for the IPO?



Addendum Question:

1. Following the loss of flight QZ8501, should Tony Fernandes re-evaluate AirAsia's internationalization model that has relied heavily on joint ventures and localized quasi-independent foreign subsidiaries?

*Session 5 May 7<sup>th</sup> 2015*

*Time: 1:15-2:45pm*

Topic:        **Entering Emerging Markets Through FDI**

Learning Points:

The emphasis in this class is on how firms can cope with and respond to variances in nonmarket environments in overseas markets. We look at comparative foreign direct investment (FDI) strategies and the challenge of understanding and engaging with host governments. The case compares the entry strategies and operational performance of German wholesaler Metro Cash & Carry (MCC) in three major transitional/emerging economies: Russia, China and India. After building up successful operations in Russia and China, MCC struggles in India. MCC's experiences in the three countries highlight similarities and differences of institutional contexts in BRIC markets and call attention to the need for multinationals to tailor their country strategies.

Required Reading     T. Khanna, K.G. Palepu and J. Sinha (2005). Strategies that fit emerging markets. *Harvard Business Review*, June: 1-16.

Optional Reading     (1) D. Bach and D.B. Allen (2010). What every CEO needs to know about nonmarket strategy. *MIT Sloan Management Review*, 51(3): 41-48.  
(2) J. Doh, T. Lawton and T. Rajwani (2012). Advancing nonmarket strategy research: institutional perspectives in a multipolar world. *The Academy of Management Perspectives*, August: 22-39.

Case:            Metro Cash & Carry (HBS 9-707-505)

Class Preparation Questions:

1. What have been Metro Cash and Carry's (MCC's) key sources of competitive advantage as it moved into emerging markets?
2. What role did institutional context play in challenging MCC's efforts to prove the value proposition of its unique wholesaling format and establish itself as an accepted corporate citizen in Russia, India and China?
3. How would you rethink MCC's approach to strategic expansion and public relations in India going forward?

*Guest Speaker*  
*Time: 12:00-13:00*

*May 12<sup>th</sup> 2015*  
*Room: GM*

*Bjarne P. Tellmann, Senior Vice President and General Counsel, Pearson PLC.*

Topic:       **Strategic considerations from the global enabling function perspective: insights from a FTSE 40 company**

In his talk, Bjarne will focus on the strategic imperatives relating to the management of the global legal function of a FTSE 40 company. With operations across more than 80 countries, how can you best structure a global legal practice that remains aligned with corporate strategy and sensitive to local nuances? Topics touched upon include calibrating global legal function strategy with that of the corporate client, optimizing cross-cultural people management, and constructing an effective global service delivery model.

*Session 6    May 13<sup>th</sup> 2015*

*Time: 1:15-2:45pm*

Topic:       **Internationalizing Through Acquisition And Joint Venture**

Learning Points:

In this class we consider the risks and advantages associated with entering foreign markets through M&A and joint venture. Through an analysis of the global beer industry we look at strategic responses to global industry consolidation, the significance of first mover advantage and the organizational and managerial challenges of competing in emerging markets. The case looks at Danish brewer, Carlsberg and its entry into China, primarily through acquisition. It explores the company's initial failure in eastern China and subsequent success in the western part of the country, highlighting the importance of recognizing regional variances when entering large markets.

Required Reading    N. Kumar (2009). How emerging giants are rewriting the rules of M&A. *Harvard Business Review*, May: 115-121.

Optional Reading    (1) I. Bremmer (2005). Managing risk in an unstable world. *Harvard Business Review*, June: 2-10.  
(2) C.W. Hill, P. Hwang and W.C. Kim (1990). An eclectic theory of the choice of international entry mode. *Strategic Management Journal*, 11(2): 117-128.

Case:        Carlsberg in Emerging Markets (Ivey 9B11M009)

Class Preparation Questions:

1. Consider the different market entry mode options a multinational has when entering into emerging markets. Comment on the pros and cons of Carlsberg's acquisition strategy in China.
2. What are the key differences in entering an emerging market such as China as compared with entering a Western market?
3. What is Carlsberg's competitive environment in China and how well is Carlsberg positioned relative to its competitors?
4. Analyze the global beer industry and relate this to Carlsberg's current realized emerging market strategy.

*Session 7 May 14<sup>th</sup> 2015*

*Time: 1:15-2:45pm*

Topic:       **Implementing International Strategy I: Adapting to Cultural Context**

Learning Points:

In this class we consider the unforeseen challenges to successfully implementing international strategies. In particular, the liability of foreignness for MNEs and how it negatively affects strategic fit and the successful transfer of firm assets abroad. Using Brannen's international recontextualization of strategic assets approach, we examine the challenges to Disney of ensuring good semantic fit for their strategic assets with Chinese culture. We look at the problems of selling in different international markets and the need to recontextualize Disney's theme parks in different overseas markets.

Required Reading        M.Y. Brannen (2004). When Mickey loses face: recontextualization, semantic fit, and the semiotics of foreignness. *Academy of Management Review*, 29(4): 593-616.

Optional Reading        (1) A.K. Gupta and V. Govindarajan (2001). Converting global presence into global competitive advantage. *Academy of Management Executive*, 15(2): 45-56.  
(2) S. Tallman and K. Fladmoe-Lindquist (2002). Internationalization, globalization and capability-based strategy. *California Management Review*, 45(1): 116-135.

Case:            Hong Kong Disneyland (Ivey 9B07M013).

Class Preparation Questions:

1. Hong Kong Disneyland (HKD) had mechanisms in place to adapt to Hong Kong culture, yet these means appeared to be ineffective. Why? What areas, in terms of cultural adaptation, still need further

improvement? Using Professor Brannan's concept of recontextualizing strategic assets (see case Exhibit 2), do you think Disney's strategic assets are in an advantageous position or a disadvantageous position in the Chinese cultural context? Explain.

2. Identify two issues challenging HKD's current operations and propose corresponding solutions.
3. What would be some of the foreseeable challenges for the Walt Disney Company if it chooses to enter the China market?
4. How can experience gained from running HKD help the Walt Disney Company's intended expansion into the China market?

*Guest Speaker*

*Time: 12:00-13:00*

*May 18<sup>th</sup> 2015*

*Room: GM*

Dr. Kevin Michaels, Vice President, ICF SH&E and former Global Managing Director, Aviation Consulting & Services.

Topic:        **Rightshoring: the new international business strategy imperative**

Through the lens of the global aerospace industry, where he has almost 30 years experience, Dr. Michaels will discuss strategic changes in global supply chains and argue that it is not so much the case that manufacturing is coming home - although some of it is - but that the new investment is not now mindlessly going to China.

Primary Reading        K.P. Michaels (2014). *Up Front*. Supply chain hot spots: why OEMS are flocking to U.S., Mexico and Singapore. *Aviation Week & Space Technology*, February 24: 15.

Secondary Reading        (1) M.E. Porter and J.W. Rivkin (2012). Choosing the United States. *Harvard Business Review*, March: 2-13.  
(2) J.E. Ricart and P. Agnese (2011). Adding value through offshoring. *IESE Insight*, 10: 60-66.

*Session 8    May 20<sup>th</sup> 2015*

*Time: 1:15-2:45pm*

Topic:        **Implementing International Strategy II: Influencing for Advantage**

Learning Points:

In the penultimate class, we reflect on how to gain and maintain competitive advantage through aligning market and nonmarket strategy. Specifically, we examine how to align stakeholder expectations and lobbying practices with

business objectives and foreign market access. Through a case study of international lobbying and the Dow Chemical Company, we explore company strategy, business-government relations, and collective action challenges associated with international lobbying around regulation of the chemical industry in the European Union (EU).

Required Reading J.P. Doh, T.C. Lawton, T. Rajwani, S. Paroutis (2014). Why your company may need a chief external officer: Upgrading external affairs can help align strategy and improve competitive advantage. *Organizational Dynamics*, 43(2): 96-104.

Optional Reading (1) T.C. Lawton, T. Rajwani (2011). 'Designing lobbying capabilities: Managerial choices in unpredictable environments'. *European Business Review*, 23(2): 167-189.  
(2) C. Oliver, I. Holzinger (2008). 'The effectiveness of strategic political management: a dynamic capabilities framework'. *Academy of Management Review*, 33(2): 496-520.

Case: International Lobbying and the Dow Chemical Company (HBS 5-711-061).

Class Preparation Questions:

1. Should Dow have lobbied against REACH?
2. How effective has chemical industry lobbying been?
3. If REACH passes, should Dow support or oppose reform of the U.S. Toxic Substances Control Act to align with Europe?

<i>Session 9</i>	<i>May 21<sup>st</sup> 2015</i>	<i>Time: 1:15-2:45pm</i>
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Topic: **Conclusions: group presentations and Q&A**

The last sessions will focus on the group presentations. We will use the Japanese method, *Pecha Kucha*, for presentations. This entails 20 slides lasting 20 seconds each, for a total of just under 7 minutes per group. Each group will present their internationalization strategy for a specific product or service. We will also draw some overall course conclusions and have a final Q&A.

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**Thomas C. Lawton** is Visiting Professor of Business Administration at the Tuck School of Business at Dartmouth. He is also Professor of Strategy and International Management and Director of the Government Affairs Research Club (GARC) at the Open University Business School in the UK, Visiting Professor at the Møller Centre, Churchill College, University of Cambridge, Affiliate Professor at EMLYON/EML Executive Development in China and France and Adjunct Professor at Imperial College London Business School. He is a Founding Member of the Strategic Management Forum, Fellow of the Strategic Planning Society and Fellow of the Royal Society for the Arts, Manufactures and Commerce (RSA).

Professor Lawton holds degrees from University College Cork and the London School of Economics and has a doctorate in international political economy from the European University Institute in Florence, Italy. He has previously held permanent and visiting faculty positions at Cranfield University, EMLYON Business School, Imperial College London, Trinity College Dublin, the Athens Laboratory of Business Administration, the London School of Economics and Royal Holloway University of London. He has been a Visiting Scholar at the University of California, Berkeley, EU Human Capital Mobility Fellow at the University of Essex and a Research Fellow at INSEAD.

Dr Lawton's research expertise focuses on strategy alignment and nonmarket capabilities, political risk management and internationalization strategy, and growth-oriented corporate strategy process and practice. He is also an authority on airline strategy. He is a member of the Editorial Board of *Long Range Planning* and the *Irish Journal of Management*. He has published more than 45 journal articles and book chapters and is the author or editor of 8 books, including *Strange Power* (2000) and *Strategic Management in Aviation* (2008). His best known, *Breakout Strategy: meeting the challenge of double-digit growth*, published by McGraw-Hill, New York in 2007, was translated into Japanese by Nikkei Publishing and widely commended for its global focus and relevance to practicing managers and aspiring leaders. His latest books are *Aligning for Advantage: competitive strategies for the political and social arenas* (Oxford University Press, 2014) and *The Routledge Companion to Non-Market Strategy* (Routledge, 2015).

Thomas Lawton serves as a non-executive director at Ward Biotech and 60 Minutes Innovations, and is also Managing Director of Kilcolman Associates Ltd., an international strategic management advisory and facilitation company. He has worked for 20 years in consulting and executive development, advising entrepreneurs and managers on how to develop and enhance their strategic thinking and practice. He has partnered with a wide range of companies and organizations in developing their present and future leaders and charting their international growth trajectories. Clients include Bombardier, China CITIC Bank, China Industrial Bank, Enterprise Ireland, Environmental Agency Abu Dhabi, IBM, the Irish Stock Exchange, the International Air Transport Association, Mapfre, Phoenix Group, UnionPay, United Technologies and Volvo Group. He has also been Academic Director of the global Executive MBA in International Financial Services Management for JP Morgan Asset Management. He has facilitated senior management and board level workshops and run executive programs on corporate strategy, leadership and international business dynamics at universities and corporations in Asia, Europe, the Middle East and North America.

Thomas is a frequent media commentator and has been cited or published in outlets including *Corriere della Sera*, *Fast Company*, *European CEO*, *Sunday Business Post*, *The Conversation* and *The Straits Times*. He is a regular contributor to the BBC, Channel 4 and Jeff Randall Live on Sky News. He also contributes to the Economic Intelligence blog of *U.S. News & World Report*.